

MASS RI.2:G94/6/994



A Guide to Sales Tax on Meals

1994



Definitions



Common Questions



Taxable and Tax-Exempt Items



Filing and Payment Information



Where to Get Help and Forms



Massachusetts Department of Revenue



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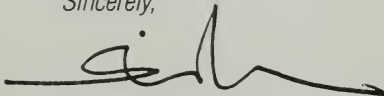
Dear Fellow Taxpayer

At the Department of Revenue (DOR), we have a twofold commitment to members of the Massachusetts business community. First, we do our best to provide the information necessary to help every taxpayer understand the Commonwealth's tax laws. Second, we strive to protect every honest taxpayer by aggressively pursuing those who abuse the system by not paying what they owe on time and in full.

The purpose of this guide is to provide answers to the most frequently asked questions about the Massachusetts sales tax on meals, which is one of several "trustee taxes" collected by DOR. Trustee taxes — including meals, sales and use, withholding and room occupancy — are so-named because employees and customers are entrusting businesses to collect these taxes and to pay them over to the Commonwealth. In addition to explaining under what circumstances the sales tax on meals must be remitted to the state, this guide includes detailed information on taxable and nontaxable items, filing and payment requirements, forms and resources for getting tax help.

Voluntary compliance is the cornerstone of our tax system, and getting taxpayers information they need is one of the most important ways DOR helps taxpayers fulfill their obligations. We hope you find this guide helpful and encourage you to contact our Taxpayer Assistance Bureau if you need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mitchell Adams', with a long horizontal flourish extending to the right.

*Mitchell Adams
Commissioner of Revenue*

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This guide contains general information about the Massachusetts sales tax on meals. It describes the tax, what types of transactions are taxable and what a vendor must do to comply with the law.

***A Guide to Sales Tax on Meals** is designed to lead you through the basics of the sales tax on meals by explaining how to register as a vendor with the Massachusetts Department of Revenue (DOR), as well as how to collect and remit this tax to the Commonwealth. Sample forms will show you how to fill out your return. The guide also contains examples of situations in which meals are tax-exempt.*

This guide is part of an ongoing series of publications that DOR has produced to keep the public informed about Massachusetts tax law. If you have further questions about the sales tax on meals, please call the Department's Taxpayer Assistance Bureau (TPA) at (617) 727-4545 or toll-free in Massachusetts at 1-800-392-6089. Many of the forms and publications listed throughout this guide are available through DOR's Fax on Demand system. Complete lists of forms and publications, along with their Fax on Demand codes, can be found on pages 23 and 24 of this guide. We urge you to contact the Department directly — using this guide as a handy reference tool — if you have any further questions or comments.

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*A meal includes food sold
on a "take out" basis*

As you read through this guide, you may see phrases such as "meals tax," "meals tax vendor," "meals tax return" and "meals tax liability." Please keep in mind that we have used these terms to make this guide easier to read and that the tax is actually a "sales tax" on meals, not a separate "meals tax." Also, please keep in mind that, for purposes of this publication, the term "meals" includes alcoholic beverages sold by a restaurant and certain prepared foods sold by a restaurant or a store.

Meal: *A meal is any food and/or beverage that has been prepared for immediate human consumption and provided by a restaurant or restaurant part of a store. A meal includes food or beverages sold on a "take out" or "to go" basis, whether or not they are packaged or wrapped.*

Restaurant: *A restaurant is any eating or drinking establishment — whether stationary or mobile, temporary or permanent — that is primarily engaged in the business of selling meals. Such establishments include but are not limited to:*

- Cafes
- Cafeterias
- Canteen trucks or wagons
- Catering businesses
- Cocktail lounges and bars
- Coffee shops
- Diners
- Dining rooms, including hotel and motel dining rooms
- Ice cream or other food product stands
- Lunch counters
- Private or social clubs
- Salad bars
- Snack bars including theatre snack bars

-
- *Street wagons or carts*
 - *Taverns*
 - *Vending machines or "honor snack trays" that sell snacks or candy with a sales price of one dollar or more. Honor snack trays consist of any vending arrangements in which snacks or candy are available in an open tray for employees in an establishment that normally does not sell food and for which payment is made on the honor system.*

Store: *A store is any establishment that is not primarily engaged in the business of selling meals. In general, food products for human consumption sold by stores are exempt from the sales tax. However, any store that contains an area, section or counter from which meals are sold must charge a sales tax on those meals.*



*Some food sold in stores
is taxable*

Examples of these stores include supermarkets, grocery stores, bakeries, delicatessens, convenience stores and markets.

What is the Massachusetts sales tax on meals?

The Commonwealth of Massachusetts imposes a sales tax on meals served by or purchased from restaurants or any part of a store considered by Massachusetts law to be a restaurant. The tax is 5 percent of the sales price of the meal. Generally, a food product commonly thought of as a grocery item is exempt from the sales tax on meals. More detailed information regarding the sales tax on meals is contained in Regulation 830 CMR 64H.6.5, Sales Tax on Meals, available by calling either DOR's Rulings and Regulations Bureau at (617) 727-8240 or DOR's Fax on Demand system at (617) 727-7123, code number 2605, from the keypad on the handset of your fax machine..



See Regulation 830

CMR 64H.6.5

Sales Tax on Meals

Who is a meals tax vendor?

Anyone who sells meals that are subject to sales tax in Massachusetts is a meals tax vendor. If a liquor license holder operates a restaurant where meals are served, the holder of the license is presumed to be the meals tax vendor, whether the meals are served by the license holder or a concessionaire.

What are the responsibilities of a meals tax vendor?

Massachusetts meals tax vendors are responsible for:

- *Registering with the Massachusetts Department of Revenue (DOR) to collect the sales tax on meals;*
- *Collecting a 5 percent sales tax on all taxable sales of meals; and*
- *Paying the full amount of tax collected with the appropriate Massachusetts meals tax form on time.*

Are the responsibilities of out-of-state vendors the same as those of in-state vendors?

Yes. Out-of-state vendors who sell meals in Massachusetts generally have the same responsibilities as Massachusetts vendors.

How does a vendor register to collect the sales tax on meals?

To register to collect the sales tax on meals, vendors must file a Massachusetts Trustee Tax Application for Registration (Form TA-1) for their

primary place of business. Vendors must file an Application for Additional Registration (Form TA-2) for each subsequent location. A registration fee of \$10 must be paid for each location at which a vendor is required to collect the sales tax on meals. For more information on registration or to obtain forms, please call DOR's Taxpayer Assistance Bureau at (617) 727-4545 or toll-free in Massachusetts at 1-800-392-6089.

What happens after a vendor registers with DOR?

Once DOR has processed a vendor's Form TA-1, the Department will send a booklet of preprinted tax returns to your principal place of business. If a return is due, but you have not received your forms, send in your payment with an explanatory cover letter. The letter should specify:

- *Your name;*
- *Address;*
- *Federal identification number or social security number;*
- *Tax type;*
- *Tax period;*
- *Telephone number; and*
- *Date you filed your Form TA-1.*



Massachusetts
Department of Revenue
P.O. Box 7011
Boston, MA 02204

Mail your letter with payment to: Massachusetts Department of Revenue, P.O. Box 7011, Boston, MA 02204.

Please make your check payable to the Commonwealth of Massachusetts.

How do meals tax vendors show that they are registered properly to collect the sales tax on meals?

After registering with the Department, vendors will be issued a Meals and All Beverages Sales Tax Registration Certificate (Form MT-1) for each business location. This certificate must be displayed in a prominent location on the business premises so that it is easily visible to customers.

How does a vendor collect and remit the sales tax on meals?

Vendors must add a 5 percent sales tax to the selling price of every taxable transaction and collect it from the purchaser. The tax must be stated separately on all invoices, bills, displays or contracts except on those solely for alcoholic beverages. You must complete and remit the appropriate sales tax return(s) to the Department, with payment in full, on or before the due date. The frequency with which you must file depends upon how much tax you owe. More detailed information on filing and payment requirements can be found in the section of this guide entitled "Filing and Payment Information," which is on page 17.

What restaurant sales are taxable?

Generally, the meals tax is imposed by a restaurant on the sale of any food or beverage (including alcohol) that is prepared for human consumption in such a manner that it does not need any significant additional preparation or cooking to make it edible.

Example: If a restaurant serves a patron a lasagna dinner, then the dinner is taxable.

However, if the restaurant also sells frozen lasagna dinners that patrons can heat in their own homes, these dinners are not considered meals and therefore are not taxable because they require additional preparation.

What other kinds of establishments must charge a meals tax?

Any store not ordinarily considered a restaurant also must charge a sales tax on certain food items if those items are sold in such a manner as to constitute a meal. A meal includes food or beverages that do not require further significant preparation, whether or not they are packaged or wrapped and whether or not they are taken from the premises where purchased. (A more detailed list of the types of food items subject to the sales tax on meals appears on pages 11 through 12.) The following types of stores must charge a sales tax on the taxable meals they provide. For more information on a store not specifically mentioned, please call DOR's Taxpayer Assistance Bureau at (617) 727-4545 or toll-free in Massachusetts at 1-800-392-6089.



Taxpayer Assistance
Bureau
(617) 727-4545 or
1-800-392-6089

Bakeries: When a bakery sells food items commonly sold at snack bars, coffee shops or luncheon counters — such as taxable beverages or sandwiches — the entire bakery is considered a restaurant, and its sales of all baked goods are taxable except when sold in units of six or more for off-premises consumption. If, however, the bakery in some way segregates the restaurant part of the store from the rest of the store, the bakery part remains a store, and its sales generally are not taxable. In that situation, only the restaurant part is considered a restaurant for tax purposes. A separate restaurant part cannot be established if taxable beverages or other meals must or may be purchased from the area, section or counter from which baked goods are sold. Some separation of space and function is necessary.



Many prepared foods
sold in a grocery store
are taxable

Delicatessens: A delicatessen generally is considered a store with a restaurant part. Prepared foods including meat, poultry or fish items — for example, fried chicken or barbecued spare ribs — are taxable if sold heated. Sandwich meats or cheeses (sliced or whole) and whole cooked meat, poultry or fish sold unheated are not taxable.

Grocery stores, markets, supermarkets: Sales from the bakery or delicatessen section of a grocery store, market or supermarket are taxed as previously described; sales of food products (groceries) are not taxable. However, a supermarket salad bar where shoppers purchase salads and pay by weight is a restaurant for purposes of the meals tax. Therefore, the salad is subject to tax.

Generally, the sale of prepared meat, poultry or fish items — including meat, poultry or fish parts or pieces, such as fried chicken wings or barbecued spare ribs — heated or in a combination plate is taxable.

Convenience stores: A convenience store's sales of the following items are taxable: poured or fountain-type beverages; combination plates sold as a unit reasonably and commonly considered a meal, whether or not heated; single-portion entrees such as lasagna, eggplant parmigiana or quiche, heated, or refrigerated if the store provides a heating unit, and whether or not prepackaged; heated prepared foods; quick meals, such as hot dogs, hamburgers, pizza or soup, heated, or refrigerated if the store provides a heating unit, and whether or not prepackaged; sandwiches, whether or not prepackaged or heated; and unpackaged snacks such as fresh-popped popcorn.

Video stores: A video store's sales of poured or fountain-type beverages or of unpackaged snacks, such as fresh-popped popcorn, are taxable. Prepackaged snacks sold at a video store are not taxable.

Honor snack trays and vending machines: Honor snack trays and vending machines that sell food generally are considered restaurants for purposes of the meals tax. An exception is made, however, when the honor tray or vending machine is used to sell only snacks or candy with a sales price of less than one dollar. If the sales price of any single item

sold through an honor tray or vending machine is more than one dollar, all sales are then taxable. The sale of water through an honor tray or vending machine is not taxable.

What store sales are subject to the sales tax on meals?

Sales of food and beverages by the stores previously listed are subject to the meals tax if the items are sold in a manner that constitutes a meal. The following items sold in stores are taxable.

Beverages: *Poured beverages, such as a cup of coffee or a fountain soda.*

Unpackaged baked goods: *Unpackaged baked goods or other snacks sold by a store are taxable unless they are sold in units of six or more for off-premises consumption. Please note however that a bakery may sell any amount of unpackaged baked goods tax-free if it sells only baked goods, or if it keeps its restaurant sales separate as required by DOR regulation. Please see Regulation 830 CMR 64H.6.5, Sales Tax on Meals, available by calling either DOR's Rulings and Regulations Bureau or DOR's Fax on Demand system at (617) 727-2123, code number 2605, from the keypad on the handset of your fax machine.*



See Regulation 830

CMR 64H.6.5

Sales Tax on Meals

Hot foods: *Any heated prepared food item.*

Entrees: *Single-portion-size entrees — such as lasagna, eggplant parmigiana or quiche — prepared for immediate consumption, if heated. Refrigerated items are also taxable if the store provides heating units (typically microwave ovens) in which customers may heat the entrees. Such entrees are taxable, whether they are prepackaged or not. Entrees sold frozen are not taxable.*

Combination plates: *Prepared foods sold as a unit in a manner reasonably and commonly considered a meal, heated or not. Foods that are otherwise not taxable do not become taxable simply because they are purchased together. The sale of a ½ pint of potato salad and a ½ pint of tuna salad for off-premises consumption is not taxable unless the items are presented or served as a unit in a manner that is reasonably and commonly considered a meal.*

Quick meals: Quick meals prepared for immediate consumption such as hot dogs, hamburgers, pizza slices or soup, if heated. These items are also taxable when refrigerated if the store provides heating units (typically microwave ovens) in which customers may heat the quick meal. Quick meals sold frozen are not taxable. The sale of sandwiches is taxable whether prepackaged or heated.

Baked goods: Unpackaged baked goods generally are taxable unless sold in units of six or more for off-premises consumption. Baked goods in units of six or more includes any variety of items totaling six or more servings, for example: two bagels, three muffins and one danish, or a whole pie, cake, loaf of bread, etc.

What other types of items are subject to the meals tax?

Generally, the sales tax imposed on a meal is based on the sales price of that meal. In certain circumstances, the sales price of a meal upon which the tax is imposed may include the tip, related room rental or recreational admission charges, or the cost of free or discounted meals. The following list outlines situations where these items are considered taxable.

Tips: Generally, gratuities, service charges or tips added by the restaurant to the price of a meal are included in the taxable sales price. However, this practice does not apply if the exact amounts of gratuities, service charges or tips are segregated as a separate fund (shown separately in the business' records supported by invoices) for the employees actually providing the services and are distributed in their entirety almost immediately to those employees.

Room rentals for serving meals: The charge for a room that is rented for the purpose of serving a meal is included in the price of the meal subject to the tax. If a room is rented for purposes other than serving a meal, and light refreshments are provided, the sales tax only applies to the sales price of the refreshments if the charge is stated separately on both the records of the vendor/operator and the bill to the customer.

Admission charges for entertainment or recreation: *The sales tax is imposed on admission charges collected by a place of entertainment where food and/or alcoholic beverages are sold, unless all of the following requirements are met.*

- *A ticket is sold and collected as evidence of the admission charge;*
- *The patron is not required to purchase any food or beverages;*
- *The charge is for admission only and does not include any payment for food or beverages; and*
- *The admission charges are segregated from other receipts in the books and records of the place of entertainment.*

Free or discounted meals: *If a vendor offers customers, upon presentation of a coupon, a meal unconditionally free of charge with the purchase of another meal, two meals for the usual price of one, or a discount from the usual price of the meal, and the vendor receives any reimbursement, either monetary or promotional, from another source for the coupon, then the sales tax is imposed on what would have been the regular sales price of the meal without regard to the discount. If a vendor receives no reimbursement for the coupon from any source, the sales price subject to tax is the actual amount the vendor charges the customer.*

Are certain restaurant sales tax-exempt?

Yes. Certain food and beverages are not considered meals when sold by a restaurant for off-premises consumption, and their sales are not subject to the meals tax. These include:

- Food sold by weight, liquid or dry measure, count or in unopened original containers or packages such as meat products sold by the pound;
- A loaf of bread;
- A quart of milk; and
- A pint, quart, half gallon, etc. of ice cream, provided that such foods are commonly sold in the same manner in a retail food store that is not a restaurant.

What store sales are tax-exempt?



Unopened beverages sold
by stores are tax-exempt

The following items sold in stores are not taxable.

Beverages: Beverages sold in unopened original containers for off-premises consumption, whether purchased separately or in combination with other foods.

Prepackaged snacks and prepackaged baked goods: Items such as popcorn, chips, candy, ice cream, prepackaged pastries, novelties, etc. for off-premises consumption. Prepackaged means packaged in a sealed, unopened original container intended and marked by the manufacturer for individual sale.

“Party packs” and “party platters”: An assortment of meats, poultry or cheeses sold by weight or count, cut and arranged on platter(s), sold with other foods and designed to serve a number of people. Non-food items sold as part of a party pack or party platter, such as paper plates and plastic cutlery, are subject to the sales tax. If the vendor does not separately state the charge for these items, and collect and pay over the tax, the vendor must pay the use tax on the cost to the vendor of the nonfood items.



Some purchasers are
exempt from paying
the meals tax

Are sales of meals to certain purchasers/organizations tax-exempt?

Yes. Sales of meals to the following purchasers are not taxable.

Meals sold to 501(c)(3) organizations: Sales of meals to a religious, educational, charitable or scientific organization that is tax-exempt for federal purposes (exempt under Section 501(c)(3) of the Internal Revenue Code) generally are exempt if the organization uses the meal in the conduct of its exempt enterprise and if the meals are not resold. To obtain the exemption, the purchaser must provide the vendor with a signed copy of a Sales Tax Exempt Purchaser Certificate (Form ST-5) and a copy of its Certificate of Exemption (Form ST-2) issued by DOR. The vendor must ensure that these forms are complete and retain them to prove the sale was exempt. Otherwise, the sales tax on the meal can be assessed against the vendor.

Meals furnished to elderly or handicapped persons: Sales of meals to an organization of elderly or handicapped persons residing in certain subsidized housing are generally tax-exempt if the organization has obtained a Certificate of Exemption (Form ST-2) from DOR, and the vendor obtains a valid Exempt Purchaser Certificate (Form ST-5) along with a copy of Form ST-2 from the purchaser and keeps a record of the sale. For more information on what a vendor must do to establish an exempt sale of meals to elderly or handicapped persons, please see Regulation 830 CMR 64H.6.6, Meals Furnished to Organizations of Elderly Persons or Organizations of Elderly or Handicapped Persons Residing in a Qualifying Housing Project, available by calling either DOR's Rulings and Regulations Bureau at (617) 727-8240 or DOR's Fax on Demand system at (617) 727-2123, code number 2606, from the keypad on the handset of your fax machine.

Meals sold directly to the U.S. or Massachusetts government: Sales of meals directly to the U.S. or Massachusetts government are exempt. The sale of meals to a U.S. or Massachusetts government agent is exempt only when the meal is paid for with a government check or with a government purchase order followed by a government check.

Are sales of meals by certain organizations tax-exempt?

Yes. Sales of meals by the following organizations are not taxable.

Sales of meals by health and day care facilities: *Sales of meals prepared by employees and served in a hospital, nursing home or elderly day care center are tax-exempt.*

Hot lunch program for elderly persons: *Sales of government-funded meals served through lunch programs to the elderly are tax-exempt.*

Sales of meals by churches and synagogues: *Sales of meals prepared by members and served on the premises of any church or synagogue to its members and guests are tax-exempt.*

Sales of meals by educational institutions or summer camps: *Sales of meals to students by educational institutions or their agents are tax-exempt. Sales of meals by summer camps for children or developmentally disabled individuals are also tax-exempt.*

Sales of meals by certain continuing care facilities: *Sales of meals to residents of certain continuing care facilities are tax-exempt. Continuing care facilities generally are residences that charge an up-front fee as full or partial consideration for room and board plus nursing or medical services. For more information, please see Technical Information Release 94-6, which is available either by calling DOR's Rulings and Regulations Bureau or DOR's Fax on Demand system at (617) 727-2123, code number 1826, from the keypad on the handset of your fax machine.*



*Fax on Demand system
(617) 727-2123,
code number 1826*

Filing and Payment Information

What is the schedule for filing and paying sales tax on meals?*

Different schedules must be followed for filing returns and paying sales tax on meals depending on the amount of tax vendors expect to collect from their customers in a year. The following chart shows the different schedules for filing returns.

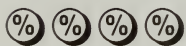
Annual Meals Tax Collected	Return Filing Requirement	Payment Due
Up to \$25,000	Monthly due 20 days after end of filing period — i.e. February 20 for January filing period. Form ST-MAB-4	Payment due with return
More than \$25,000	Quarterly due 20 days after end of filing period. Form MAB-QR	Within 5 days of the end of each of the following periods on Form MAB-MP : a) 1st through 22nd day of 1st month of calendar quarter; b) 23rd day of 1st month through 22nd day of 2nd month of calendar quarter; c) 23rd day of 2nd month through 22nd day of 3rd month of calendar quarter. Taxes collected from 23rd through last day of 3rd calendar month are due on or before 20th day following the calendar quarter and are paid with the return. Differences between total liability and amounts paid during the quarter should be reconciled at the time the return is due.

Reminder: In order to be considered timely-filed, a return must be received by DOR on the due date or if sent by U.S. mail and delivered after the due date it must be postmarked by the U.S. Postal Service at least two days prior to the due date.

*Effective January 1, 1995, this filing and payment schedule will change for some taxpayers.

What are the penalty and interest charges for late returns and payments?

Returns that are not filed on or before the due date are subject to penalty and interest charges.



Penalty for late payment
is $\frac{1}{2}$ percent per month

The penalty for late payment is $\frac{1}{2}$ percent per month (or fraction thereof) of the balance due, up to a maximum of 25 percent. The penalty for failure to file a return by the due date is 1 percent per month (or fraction thereof) of the balance due, up to a maximum of 25 percent.

If the tax is not paid when due, interest also will be charged at the federal short-term rate (which can change quarterly) plus 4 percentage points, compounded daily. If you wish to obtain information on these rates, please call DOR's Taxpayer Assistance Bureau at (617) 727-4545 or toll-free in Massachusetts at 1-800-392-6089. Rates also are published each quarter in the Taxpayer Advisory Bulletin, which is available by calling DOR's Publishing Services Bureau at (617) 727-7429. The previous 18 percent simple interest rate applies to all interest accruing on taxes due before January 1, 1993, even if the liability is assessed after that date.

Are there any other penalties?

Yes. For businesses with annual sales tax on meals liabilities in excess of \$25,000, the Commissioner of Revenue is authorized to impose a 5 percent penalty on the amount of any underpayment of a tax for which periodic payments are due between filing periods. The amount of underpayment is any portion of a tax payment or deposit that was due on a monthly or more frequent basis, but that was not paid when due.

A fine may be imposed on any vendor who advertises or states to the public or any customer, directly or indirectly, that the sales tax on meals, or any part of it, will be assumed or absorbed by the vendor, that it will not be added to the selling price, or that it will be refunded in whole or in part. This fine may be \$100 for each offense.

Willful tax evasion is a felony punishable by a fine up to \$100,000 for individuals or \$500,000 for corporations and/or imprisonment of up to five years. Willful failure to collect and to pay over taxes is also a felony and is punishable by a fine up to \$10,000 and/or imprisonment for up to five years.

Should a form be filed even if no tax was due for a given period?

Yes. A form should be filed for all periods, even when no tax is due — just enter zero in the appropriate places. Filing each period is necessary for DOR's record-keeping purposes. It also will help to avoid requests from DOR for filing information.

What records must a meals tax vendor keep?

A meals tax vendor must keep complete and accurate records of the gross receipts from all sales, whether they are taxable or not. Vendors also must retain copies of tax returns together with any supporting information necessary to verify the accuracy of the return. Sufficient records provide the vendor with evidence of each transaction and must include: cash register tapes showing each individual transaction; alcoholic beverages bar checks, if applicable; dining room meals checks; a separate daily receipts book or record for taxable and nontaxable sales; and copies of filed sales tax on meals returns. It is helpful if an establishment has a separate register, or one register with separate keys, for restaurant and nonrestaurant activities.

Dining room meals checks must be numbered serially and used in sequence for all meals service, with no number being repeated for a one-year period. Dining room meals checks must contain the name and address of the vendor and the wording: "5 Percent Mass. Sales Tax on Meals" with a space opposite this statement for insertion of the amount of the tax. All dining room meals checks must be tied securely and preserved in dated, daily bundles. The daily tax recordings must be entered in the vendor's records to substantiate the return for sales tax on meals.

Caterers must record all catering business transactions in a reservation ledger or book, stating all dates of jobs, names of purchasers, numbers of persons served, price totals and the proper amount of tax for all meals served. Caterers not using dining room meals checks must number bills or contracts serially and retain them with the reservation book or ledger.

How long should meals tax records be kept?

Records must be retained for a minimum of three years from the date the return was filed or the date it was required to be filed, whichever is later.



See Regulation 830

CMR 62C.25.1

Records Retention

A return may be audited for up to six years after being filed for understating by more than 25 percent the tax that should have been reported on the return. You also should know that there is no limitation on the period for which DOR may request records if a vendor failed to file a return or filed a false or fraudulent return. Further information about retaining records is available in Regulation 830 CMR 62C.25.1, Records Retention. To obtain a copy, please call DOR's Rulings and Regulations Bureau at (617) 727-8240 or DOR's Fax on Demand system at (617) 727-2123, code number 2604, from the keypad on the handset of your fax machine.

Form examples:

Example: Pam owns a cafe on Martha's Vineyard that is open only from June to September each year. Since the annual sales tax on meals collections from the restaurant are less than \$25,000, she files a Sales Tax on Meals, Prepared Foods and/or Alcoholic Beverages Return (Form ST-MAB-4).

If Pam's total taxable sales of meals is \$1,000 during June, she must remit \$50 in meals tax (5 percent of \$1,000) for the month. Her completed Form ST-MAB-4 for the month will look like this:

ST-MAB-4 MM		MASSACHUSETTS DEPARTMENT OF REVENUE SALES TAX ON MEALS, PREPARED FOOD AND/OR ALCOHOLIC BEVERAGES RETURN YOU SHOULD FILE THIS FORM EVEN THOUGH NO TAX MAY BE DUE.		
DOR USE ONLY	FEDERAL ID NO.	FOR MONTH		
	123-456-789	6/94	1. GROSS RECEIPTS FROM THE SALE OF MEALS, INCLUDING FOOD AND ALL BEVERAGES	1,000. —
BUSINESS NAME Pam's Cafe			2. TOTAL CHARGED FOR TAX EXEMPT MEALS	0. —
BUSINESS ADDRESS 123 Main St.			3. TOTAL TAXABLE RECEIPTS (ITEM 1 MINUS ITEM 2)	1,000. —
CITY/TOWN Martha's Vineyard			4. TAX: ITEM 3 x 5%	50. —
STATE MA			5. PENALTIES	0. —
ZIP 01234			6. INTEREST	0. —
<small>Return is due with payment on or before the 20th day of the month following the month indicated above. Make check payable to Commonwealth of Massachusetts. Mail to: Mass. Dept. of Revenue, P.O. Box 7040, Boston, MA 02204.</small>			7. TOTAL	50. —
<small>I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.</small>				
SIGNATURE <i>Pam J. Page</i>		TITLE Owner	DATE 7/20/94	

Example: Al and Mike are opening a combined restaurant and catering business in Cambridge. Because theirs is a new business, they must register to collect sales tax on meals by filing a Massachusetts Trustee Tax Application for Registration (Form TA-1). While completing Form TA-1, Al and Mike estimate that their sales will total over \$500,000 during the upcoming

year. Therefore, they will collect over \$25,000 in sales tax on meals. After checking the Form TA-1 instructions, they determine that, for their estimated sales tax on meals collection amount, they must file a Quarterly Sales Tax on Meals, Prepared Food and/or Alcoholic Beverages Return for Vendors on Monthly Payment System (Form MAB-QR) and use a Monthly Deposit Payment of Sales Tax on Meals and/or Alcoholic Beverages (Form MAB-MP) to remit the sales tax on meals they collect. Businesses collecting more than \$25,000 in sales tax on meals each year must file MAB-MP each month to remit their monthly sales tax on meals collection, and then they must reconcile their payments quarterly on Form MAB-QR.

At the close of their first payment period (1st day to 22nd day of the first month of the calendar quarter), Al and Mike find they have \$100,000 in sales. They must remit \$5,000 in sales tax on meals (5 percent of \$100,000) for the first payment period. Their Form MAB-MP for this period will look like this:

MAB-MP MD		MASSACHUSETTS DEPARTMENT OF REVENUE MONTHLY DEPOSIT PAYMENT OF SALES TAX ON MEALS AND/OR ALCOHOLIC BEVERAGES YOU SHOULD FILE THIS FORM EVEN THOUGH NO PAYMENT MAY BE DUE.		ENTER PAYMENT DATE 1-27-94
DOR USE ONLY	FEDERAL ID NO. 123-456-789	FOR QTR ENDING 3/94	ENTER AMOUNT OF PAYMENT \$ 5,000.	<input checked="" type="checkbox"/>
BUSINESS NAME Al and Mike's Restaurant			Payments must be received on or before the 27th day of each month, i.e., within five calendar days after the close of each taxable period.	
BUSINESS ADDRESS 123 Main St.			TAXABLE PERIODS DURING CALENDAR QUARTER:	
CITY/TOWN Cambridge			1 1st DAY OF FIRST MONTH THROUGH 22nd DAY OF FIRST MONTH. 2 23rd DAY OF FIRST MONTH THROUGH 22nd DAY OF SECOND MONTH. 3 23rd DAY OF SECOND MONTH THROUGH 22nd DAY OF THIRD MONTH.	
STATE MA				
ZIP 01234				
RETURN THIS COMPLETED FORM WITH PAYMENT. MAKE CHECK PAYABLE TO COMMONWEALTH OF MASSACHUSETTS. MAIL TO: MASSACHUSETTS DEPARTMENT OF REVENUE, P.O. BOX 7036, BOSTON, MA 02204.				

For the second payment period (23rd day of the first month to 22nd day of the second month of the calendar quarter), Al and Mike collected \$90,000 in sales (\$4,500 in sales tax on meals). For the third payment period (23rd day of the second month to 22nd day of the third month of the calendar quarter), their sales totaled \$140,000 (\$7,000 in sales tax on meals). They remit their collected sales tax on meals by filing a Form MAB-MP at the end of each payment period. For the last seven days of the quarter (23rd day of the third month to the last day of the third month of the calendar quarter), their sales totaled \$30,000. Since this week is the final payment period for the quarter, Al and Mike now file Form MAB-QR to remit the \$1,500 sales tax on meals they collected in the last payment period and to reconcile all of the amounts they paid during the quarter. When completed, Al and Mike's quarterly return, Form MAB-QR, will look like this:

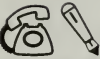
MAB-QR MR <small>DOR USE ONLY</small>			MASSACHUSETTS DEPARTMENT OF REVENUE <small>QUARTERLY SALES TAX ON MEALS, PREPARED FOOD AND/OR ALCOHOLIC BEVERAGES RETURN FOR VENDORS ON MONTHLY PAYMENT SYSTEM</small> YOU SHOULD FILE THIS FORM EVEN THOUGH NO TAX MAY BE DUE.		1. GROSS RECEIPTS FROM THE SALE OF MEALS INCL. JUNK FOOD AND ALC. BEV.
FEDERAL ID NO			FOR QTR. ENDING		
123-456-789			3/94		360,000.00
BUSINESS NAME				2. TOTAL CHARGED FOR TAX EXEMPT MEALS	0.00
Al and Mike's Restaurant				3. TOTAL TAXABLE RECEIPTS (ITEM 1 MINUS ITEM 2)	360,000.00
BUSINESS ADDRESS				4. TAX* ITEM 3 x	5% 18,000.00
123 Main St.				5. A. PREV. PAYMENTS MADE*	16,500.00
CITY/TOWN STATE ZIP				B. CREDIT FROM PREV. QTR.	0.00
Cambridge MA 01234				C. TOTAL (ADD A & B)	16,500.00
				6. TOTAL TAX DUE WITH THIS RETURN (ITEM 4 MINUS ITEM 5C)	1,500.00
* See instructions. Let all payments made for this quarter on reverse. Return is due with payment on or before the 25th day of the month following the quarter indicated above. Make check payable to Commonwealth of Massachusetts. Mail to: Massachusetts Department of Revenue, P.O. Box 7036, Boston, MA 02204-7036.				7. PENALTIES AND INTEREST	0.00
I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.				8. TOTAL AMOUNT DUE	1,500.00
SIGNATURE TITLE DATE				9. AMOUNT OVERPAID TO BE CREDITED TO NEXT TAX PERIOD*	0.00
Al Taxpayer Owner 4/3/94				10. AMOUNT OVERPAID TO BE REFUNDED*	0.00

IMPORTANT: READ INSTRUCTIONS BEFORE COMPLETING RETURN If Name and/or Identification Number change, report the change within 10 days on Form AI-1. New owners: Do not use previous owner's form to file your return. Any change in ownership or organization requires a new registration. You must file a new Form TA-1. NOTE: The entire overpayment amount must be either credited or refunded. Do not split the overpayment between item 9 and item 10. If this is a final return, indicate reason: <input type="checkbox"/> Business discontinued <input type="checkbox"/> Business sold <input type="checkbox"/> Change in organization <input type="checkbox"/> Other _____ <input type="checkbox"/> Business transferred Last day of business was _____		List dates and amounts of payments made for this quarter (MAB-MP): <table border="1"> <thead> <tr> <th>Date</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1-27-94</td> <td>5,000.00</td> </tr> <tr> <td>2-27-94</td> <td>4,500.00</td> </tr> <tr> <td>3-27-94</td> <td>7,000.00</td> </tr> <tr> <td colspan="2">Enter total payments here and in item 5A</td> </tr> <tr> <td colspan="2">16,500.00</td> </tr> </tbody> </table> If you had an overpayment from the previous quarter, enter the credit in item 5B.	Date	Amount	1-27-94	5,000.00	2-27-94	4,500.00	3-27-94	7,000.00	Enter total payments here and in item 5A		16,500.00	
Date	Amount													
1-27-94	5,000.00													
2-27-94	4,500.00													
3-27-94	7,000.00													
Enter total payments here and in item 5A														
16,500.00														
Enter credit information: <table border="1"> <thead> <tr> <th colspan="2">Amount of credit</th> </tr> </thead> <tbody> <tr> <td>Amount of overpayment credit from previous quarter (enter in item 5B)</td> <td></td> </tr> <tr> <td>Reported under federal ident</td> <td></td> </tr> <tr> <td>Reporting period</td> <td></td> </tr> </tbody> </table>		Amount of credit		Amount of overpayment credit from previous quarter (enter in item 5B)		Reported under federal ident		Reporting period		204 2/94 G081273				
Amount of credit														
Amount of overpayment credit from previous quarter (enter in item 5B)														
Reported under federal ident														
Reporting period														

Where to Get Help and Forms

For further information regarding the Massachusetts sales tax on meals, please contact:

Massachusetts Department of Revenue
Taxpayer Assistance Bureau — Business Tax Section
100 Cambridge Street
Boston, MA 02204
(617) 727-4545



If you have questions,
call or write for help

Following is a list of the various forms and schedules and regulations that pertain to the sales tax on meals. Copies are available by calling DOR's Forms Supply number at (617) 727-4545. Certain forms below also are available through DOR's Fax on Demand system. Please call (617) 727-2123 from the handset on your fax machine and — using the keypad on the handset — enter the code number following the title of the appropriate document.

Form Number	Title/Fax Code
MT-1	Meals and All Beverages Sales Tax Registration Certificate
ST-BDR-Meals	Claim for Bad Debt Reimbursement and Instructions/379
ST-MAB-4	Sales Tax on Meals, Prepared Food and/or Alcoholic Beverages Return and Instructions
ST-MAB-4C	Consolidated Return Schedule
ST-MAB-AM	Amended Sales Tax on Meals, Prepared Food and/or Alcoholic Beverages Return and Instructions/392
MAB-MP	Monthly Deposit Payment of Sales Tax on Meals and/or Alcoholic Beverages and Instructions
MAB-QR	Quarterly Sales Tax on Meals, Prepared Food and/or Alcoholic Beverages Return for Vendors on Monthly Payment System and Instructions
ST-12 EC	Exempt Container Certificate and Instructions/395
TA-1	Application for Original Registration/314 Instructions for Completing Form TA-1/814
TA-2	Application for Additional Registration/315 Instructions for Completing Form TA-2/815
Regulation Number	Title/Fax Code
830 CMR 64H.6.5	Sales Tax on Meals



Information is available
on various state tax issues



DOR's Fax on Demand
(617) 727-2123
+ form code number

DOR publishes a number of useful publications on various state tax issues. Unless otherwise indicated, these publications are available by calling DOR's Forms Supply number at (617) 727-4545. Many of the documents below also are available through DOR's Fax on Demand system. Please call (617) 727-2123 from the handset on your fax machine and — using the keypad on the handset — enter the code number following the title of the appropriate document.

Title/Fax Code

A Guide to the Department of Revenue: Your Taxpayer Bill of Rights/3005
(20 pages)

A Guide to Filing Your Massachusetts Income Taxes/3006

A Guide to Withholding of Taxes on Wages/3007 (12 pages)

Should You Be Paying Estimated Taxes?/3008 (4 pages)

A Guide to Sales and Use Tax/3009 (18 pages)

A Guide to Estate Taxes/3011 (14 pages)

Small Business Packet contains registration materials, tax information, sample forms and information from other state agencies, and is available by calling DOR's Taxpayer Assistance Bureau at (617) 727-1200.

Taxpayer Advisory Bulletin is published quarterly with updates on legislative, legal and Departmental decisions and is available at most libraries or by calling DOR's Publishing Services Bureau at (617) 727-7429.*

MASSTAX Guide contains five volumes covering all state taxes and DOR administrative procedures; it is available for purchase through West Publishing Company (1-800-328-9352) or for reference at many law libraries and at the State House Library.

DOR Regulations, Technical Information Releases (TIRs), Directives and Rulings are prepared on general tax issues as well as specific taxpayer inquiries and are published in the MASSTAX Guide or are available by calling DOR's Rulings and Regulations Bureau at (617) 727-8240.*

* To receive copies by Fax on Demand, please call (617) 727-2123 for a complete menu of available documents.

The purpose of this publication is to provide taxpayers with general information about Massachusetts tax laws and Department of Revenue policies and procedures as of June 1, 1994. It is not designed to address all questions in detail, and taxpayers are encouraged to seek further guidance as described throughout this guide. Nothing contained within this publication supersedes, alters or otherwise changes any provisions of Massachusetts General Laws, Massachusetts Department of Revenue Regulations or Rulings or any other sources of the law.



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